

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SSO-00 NSCE-00 INRE-00 USIE-00
EURE-00 SP-02 AID-05 EB-07 NSC-05 EPG-02 TRSE-00
SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00 FRB-01
INR-07 NSAE-00 XMB-04 OPIC-06 LAB-04 SIL-01 PA-02
PRS-01 L-03 H-02 IGA-02 /088 W

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FM AMEMBASSY LUXEMBOURG

TO SECSTATE WASHDC IMMEDIATE 5743

UNCLAS LUXEMBOURG 0381

FOR EUR/NE, DJEREJIAN

E.O. 11652: NA

TAGS: EFIN, EINV, LU

SUBJ: U.S. ECONOMIC PRESENCE IN LUXEMBOURG

1. BANKS: AS OF DECEMBER 31, 1976, THERE ARE 92 BANKS
IN LUXEMBOURG, OF WHICH NINE ARE LUXEMBOURG BANKS AND
83 ARE FOREIGN (OF WHICH TWELVE ARE AMERICAN). IN 1970
THE TOTAL NUMBER OF BANKS WAS 46 OF WHICH NINE
WERE LUXEMBOURG AND 37 WERE FOREIGN (OF WHICH SIX WERE
AMERICAN). THE NUMBER OF AMERICAN BANKS IN LUXEMBOURG
PEAKED IN 1973-1974 WITH A TOTAL OF SEVENTEEN. THE
AMERICAN BANKS PRESENTLY LOCATED HERE ARE:
AMERICAN FLETCHER NATIONAL BANK (OF INDIANAPOLIS, INDIANA);
BANK OF AMERICA S.A.;
FIRST NATIONAL BANK OF BOSTON;
CHASE MANHATTAN BANK S.A.;
CREDIT EUROPEEN (U.S. CAPITAL);
CITI BANK (FIRST NATIONAL CITY BANK OF NEW YORK);
HOUSTON INTERNATIONAL BANK;
NORTHWESTERN NATIONAL BANK (OF MINNEAPOLIS, MINNESOTA);
PHILADELPHIA NATIONAL BANK;
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WELLS FARGO BANK;
WORLD BANKING CORPORATION (50 PERCENT OWNED BY BANK OF
AMERICA AND WITH SEVERAL FOREIGN PARTICIPANTS);
CANADIAN AMERICAN BANK S.A. (A CONSORTIUM BANK OF NORTH-
WESTERN BANCORPORATION OF MINNEAPOLIS, SOUTHEAST BANK-
ING, MIAMI AND CANADIAN TRUSTCO MORTGAGE, ONTARIO--
SEE LUXEMBOURG 0267 RE TAKEOVER OF CANADIAN-AMERICAN

BY NORTHWESTERN NATIONAL BANK).

2. THERE IS A DOUBLE TAXATION TREATY BETWEEN LUXEMBOURG AND THE UNITED STATES. FOR TEXT SEE DEPARTMENT OF STATE PUBLICATION UNITED STATES TREATIES AND OTHER INTERNATIONAL AGREEMENTS, VOL. 15, PART II (1964), PAGE 2356.

3. U.S. INVESTMENT IN LUXEMBOURG: SEE LUXEMBOURG A-9 DATED APRIL 5, 1977 ON THIS SUBJECT. THE ORIGINAL VALUE OF U.S. DIRECT INVESTMENT IN LUXEMBOURG IS APPROXIMATELY \$375 MILLION. THIS SUM REPRESENTS MORE THAN \$1,000 PER RESIDENT AND IS THOUGHT TO BE THE HIGHEST PER CAPITA U.S. INVESTMENT OUTSIDE NORTH AMERICA. THE CURRENT MARKET VALUE OF THIS U.S. INVESTMENT AS ESTIMATED BY THE COMPANIES THEMSELVES IN APPROXIMATELY \$570 MILLION AND IS A TRUER REFLECTION OF THE ACTUAL U.S. STAKE IN THE LUXEMBOURG ECONOMY. FURTHERMORE, \$95 MILLION OF ADDITIONAL INVESTMENT IS PROJECTED FOR 1977-82 BY U.S. COMPANIES ALREADY ESTABLISHED HERE. ABOUT 75 PERCENT OF THIS AMOUNT IS DIRECTLY ATTRIBUTABLE TO ONE FIRM, GOODYEAR.

4. FOREIGN INVESTMENT IN LUXEMBOURG: THE ONLY AVAILABLE STATISTICS ON TOTAL FOREIGN INVESTMENT ARE FOR THE YEARS 1965 THROUGH 1973. IN THIS PERIOD TOTAL FOREIGN INVESTMENT WAS APPROXIMATELY \$362 MILLION, OF WHICH \$306 MILLION WAS BY AMERICAN COMPANIES. FRANCE IS THE SECOND MOST IMPORTANT SOURCE OF FOREIGN INVESTMENT FOR THIS PERIOD WITH BELGIUM, U.K. AND GERMANY REPRESENTING APPROXIMATELY EQUAL AND MODEST SHARES OF THE TOTAL. OVER 85 PERCENT OF THE UNCLASSIFIED

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FOREIGN INVESTMENT WAS MADE IN THE CHEMICAL INDUSTRY WITH ALMOST ALL THE REMAINDER IN METAL CONSTRUCTION AND MINERALS.

5. PRINCIPAL AMERICAN COMPANIES IN LUXEMBOURG (ORIGINAL INVESTMENT (ALL FIGURES APPROXIMATELY IN PARENTHESES WITH MAIN PRODUCTS. THIS INFORMATION CONSIDERED PRIVATE BY SEVERAL COMPANIES.):

(A) GOODYEAR (\$95 MILLION)-- PRODUCTS: TIRES, POLYESTER AND STEEL TIRE CORD, TIRE MOLDS AND TECHNICAL RESEARCH CENTER AND TEST TRACK.

(B) DUPONT (\$150 MILLION)--PRODUCTS: MYLAR POLYESTER FILM, CRONAR PHOTOGRAPHIC POLYESTER FILM BASE, TYPAR POLYPROPYLENE SPUNBOND FIBRE.

(C) MONSANTO (\$62 MILLION)--PRODUCTS: APPAREL AND CARPET NYLON YARNS.

(D) YATES INDUSTRIES, BORDENTOWN, NEW JERSEY (\$10 MILLION)-- PRODUCTS: ELECTRODEPOSITED COPPER FOIL FOR PRINTED CIRCUITS.

(E) COMMERICAL SCHEARING, YOUNGSTOWN, OHIO; NAME IN LUXEMBOURG: COMMERCIAL HYDRAULICS (\$10 MILLION)--PRODUCTS: HYDRAULIC PUMP MOTORS CONTROL VALVE; STEEL SUPPORTS AND BUILDINGS AND FABRICATED STEEL PRODUCTS.

(F) GENERAL MOTORS, TEREX DIVISION (\$9 MILLION)--PRODUCTS: EARTHMOVING EQUIPMENT.

(G) UNIROYAL (\$9 MILLION)--PRODUCTS: TIRE CORD FABRIC.

(H) CHEVELAND CRANE AND ENGINEERING; NAME IN LUXEMBOURG: CLEVELAND TRAMRAIL (\$3.2 MILLION)--PRODUCTS: OVERHEAD HANDLING EQUIPMENT, CRANES, STORAGE SYSTEMS.

(I) DRESSER INDUSTRIES; NAME IN LUXEMBOURG: BAY STATE ABRASIVES (\$3.2 MILLION)-- PRODUCTS: ABRASIVE HONING STONES FOR METAL WORKING INDUSTRIES.

(J) AMERACE CORPORATION; NAME IN LUXEMBOURG AMER-SIL (\$2.4 MILLION)-- PRODUCTS: SEPARATORS FOR BATTERIES.

6. NUMBER BANK ACCOUNTS; SUCH ACCOUNTS AS AVAILABLE UNCLASSIFIED

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IN SWITZERLAND DO NOT EXIST IN LUXEMBOURG INSOFAR AS ACCOUNTS MUST BE TAKEN OUT IN THE NAME OF AN INDIVIDUAL OR COMPANY. THIS IS A LEGAL REQUIREMENT. HOWEVER, A CLIENT MAY REQUEST THAT FOR INTERNAL BANK DISCRETION HIS ACCOUNT BE LISTED BY NUMBER RATHER THAN NAME AND CORRESPONDENCE TO THE CLIENT BE SENT WITHOUT BANK IDENTIFICATION ON STATIONERY. THE BANK'S SECRETARIAT, HOWEVER, ALWAYS KNOWS THE IDENTITY OF THE ACCOUNT'S CLIENT. GINN

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Disposition Comment:
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